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**Global Executive Program in HR Leadership  
HR Measures**

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Required Texts: Becker, B.E., Huselid, M.A., & Ulrich, D. 2001. *The HR Scorecard: Linking People, Strategy, and Performance*. Boston: Harvard Business School Press.

Huselid, M.A., Becker, B.E., & Beatty, R.W. 2005. *The Workforce Scorecard: Managing Human Capital to Execute Strategy*. Boston: Harvard Business School Press.

Various readings and handouts (provided).

**Overview:** Current financial and managerial accounting systems evolved during a time when tangible capital (both financial and physical) was the primary constraint in increasing the profitability of most businesses. During this time, access to money and equipment could represent a source of significant competitive advantage for an organization. In our current economy, however, where knowledge and other intangibles are increasingly the dominant assets, conventional accounting systems do not provide the kinds of information required to effectively measure these new forms of capital. One of the most important distortions of conventional accounting systems is to encourage short term thinking with respect to the management of intangibles (since expenditures in these areas are treated as expenses rather than investments in assets). In contrast, investments in buildings and machinery are capitalized and depreciated over their useful lives. As a result, short run profit pressures encourage investments in physical capital at the expense of potentially value-creating investments in human capital.

In this course I will be arguing that (1) a firm's HRM Architecture (its people, and by extension, the infrastructure used to manage those people) is relatively more important than ever before, (2) that the economic impact of more effective HRM Architecture on firm performance is substantial, (3) that much (but not all) of the economic value created through HRM is due to its crucial role in strategy implementation, and (4) that measurement systems, carefully tied to the firm's competitive strategy and operational goals, can provide a source of competitive advantage that is very difficult to imitate. One of my central theses will be that developing a competency in measurement is important because, if done correctly, it can add value at the level of the firm. But few managers (HR or otherwise) have strong competencies in this area. HR managers, who have been asked to learn about finance and accounting in recent years, now must develop a competence in measurement as well.

An effective solution to these issues will require addressing three interrelated business challenges:

- The Perspective Challenge:** Do all of our managers understand how workforce capabilities and behaviors drive strategy execution?
- The Metrics Challenge:** Have we identified (and collected) the right measures of workforce success, leadership and workforce behaviors, workforce competencies, and workforce culture and mindset?
- The Execution Challenge:** Do our managers have the access, capability, and motivation to use these data to communicate strategic intent and monitor our progress toward strategy execution?

More specifically, in this course we will address the following key questions:

- Has the workforce accomplished the key strategic objectives for the business? (Workforce Success)
- Are the leadership team and workforce consistently behaving in a way that will lead to achieving our key strategic objectives? (Leadership and Workforce Behaviors)
- Do our HR managers have the requisite competencies? (*Right HR Professionals*)
- Have the right HR practices been developed and effectively implemented throughout the firm? (*Right HR Practices*)
- Do employees experience this system as internally consistent and aligned with strategy? (*Right Types of Alignment*)
- Have we developed and implemented this system in a cost efficient manner? (*Right HR Costs*)
- Have we developed the right culture, leadership cadre, and are employees responding in a way that will drive strategy implementation and business results? (*Right Business Outcomes*)

To help you learn how to begin to measure HR effectively, the course will be organized into the following six sections:

**Section 1:** Course Overview: Why Measurement is HR's Most Important Challenge

**Section 2:** Clarifying Business Strategy & Building a Business Case for Investing in HR

**Section 3:** Creating a Strategy Map and Identifying HR Deliverables

**Section 4:** Selecting Metrics: Creating Workforce and HR Scorecards

**Section 5:** Aligning the HR Architecture with HR Deliverables

**Section 6:** Implementing an HR Scorecard and Decision Support System